

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7345

BILL NUMBER: HB 1589

NOTE PREPARED: Jan 11, 2015

BILL AMENDED:

SUBJECT: Endow Indiana Program.

FIRST AUTHOR: Rep. GiaQuinta

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: The bill provides that the Indiana Economic Development Corporation shall administer a grant and tax credit program that encourages philanthropy in Indiana.

Effective Date: January 1, 2016.

Explanation of State Expenditures: *Indiana Economic Development Corporation (IEDC):* This bill establishes a grant and tax credit program within IEDC to encourage philanthropy in Indiana. The IEDC is additionally responsible for approving an application for a tax credit under the conditions established by the bill. The IEDC should be able to implement the bill's requirements within its current resources.

The IEDC may give lead philanthropic entities (defined under the bill) a grant to award Endow Indiana Grants to qualified community foundations and to community affiliate organizations (also defined under the bill). Each lead philanthropic entity chosen by the IEDC may not use more than 5% of a grant received from the IEDC for administrative expenses. There are 94 community foundations in Indiana, but we do not have information on community affiliate organizations. The bill establishes that not more than three grants may be awarded within a county in a state fiscal year, and the awards may not exceed \$25,000 per foundation or organization. Therefore, maximum grants from the IEDC may amount to \$6.9 M. However, actual grants may be less than estimated to the extent that community foundations and community affiliate organizations fail to meet the criteria established by the bill.

Department of State Revenue (DOR): The DOR may incur additional expenses in implementing the tax credit established by this bill. The DOR's current level of funding and resources should be sufficient to do so.

Explanation of State Revenues: This bill establishes a tax credit against the individual or corporate adjusted gross income (AGI) tax liability, insurance premiums tax liability, or financial institutions tax liability for donations to an endowment fund of an Endow Indiana Qualified Community Foundation as defined under the bill. The potential revenue loss from the tax credit is unknown, but the bill limits the credits the IEDC may approve during a fiscal year to a maximum of \$6 M to all taxpayers for all endowment gifts.

A taxpayer that proposes an endowment gift must first apply to the IEDC to enter into an agreement for a tax credit before the taxpayer makes the endowment gift. The tax credit is effective beginning in tax year 2016, and the revenue impact will likely begin in FY 2017.

Taxpayers may carry forward any unused credits for five consecutive tax years, beginning with the tax year after the one in which the taxpayer makes the endowment gift. However, taxpayers may not carry back credits to a tax year before the one in which the taxpayer claims the credit. Additionally, a tax credit may not be assigned or transferred to another taxpayer.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Economic Development Corporation; Department of State Revenue.

Local Agencies Affected:

Information Sources: Terri Johnson, Indiana Philanthropy Alliance, 317-630-5200.

Fiscal Analyst: Anita Yadavalli, 317-234-9438.